

BOARD OF DIRECTORS MEETING

Minutes of January 17, 2018

The regular meeting of the Board of Directors was held in the Fifth Floor Conference Rooms at Two Potomac Yard, 2733 Crystal Drive, Arlington, VA. The Chairman called the meeting to order at 9:35 a.m. Fourteen Directors were present during the meeting:

Warner H. Session, Chairman
Earl Adams, Jr., Vice Chairman
Anthony H. Griffin
Katherine K. Hanley
Barbara B. Lang
Robert W. Lazaro, Jr.
Caren Merrick

A. Bradley Mims
Thorn Pozen
William E. Sudow
J. Walter Tejada
Mark E. Uncapher
Nina Mitchell Wells
Joslyn N. Williams

The Secretary and Executive Management were present:

John E. Potter, President and Chief Executive Officer
Margaret E. McKeough, Executive Vice President and Chief
Operating Officer
Jerome L. Davis, Executive Vice President and Chief Revenue
Officer

Chairman Session reported that he would announce the appointment of Committee Chairs and Co-Chairs, as well as Committee structure for calendar year 2018. He stated that he has two primary goals -- to develop a more informed Board by tapping extraordinary internal resources of the Airports Authority's senior management and workforce led by Mr. Potter and augmenting those resources with external resources of trade associations, chambers of commerce, and external



experts with subject briefings and workshops. Secondly, Chairman Session stated that he wanted to develop a more engaged Board by working closely with management on major policy initiatives and with the focus of strategic committee-driven goals that puts the work and well being of the Airports Authority at the center of the Board's activities. He noted the many talents and achievements of his fellow Board Members and stated that he planned to harness and better utilize the extraordinary talent and body of experience in relationships. Chairman Session stated that he had discussed the Board Committees with the Board Members, and there is a consensus that the four standing committees of the Board -- Business Administration, Dulles Corridor, Finance, and Strategic Development will function as Committees of the Whole during calendar year 2018. Therefore, all Board Members will be considered members of all four of those committees. Chairman Session advised that the Board believes that by actively participating in the decisions of these four standing committees that Board Members will be more directly engaged in and better informed about significant matters affecting the Airports Authority. Although the Bylaws do not require a vote of the Chairman's appointment of committee members, Chairman Session asked for a motion from the Board to have the four named committees to act as Committees of the Whole. The motion was moved, seconded and approved unanimously.

Chairman Session advised that the jurisdiction of each committee remains as described and set forth on the Airports Authority's website on the Committee Jurisdiction and Membership webpage. He announced the Co-Chairs of the four standing committees: Business Administration - Earl Adams and Bob Lazaro; Dulles Corridor - Kate Hanley and Walter Tejada; Finance Committee - Brad Mims and David Speck; and Strategic Development - Caren Merrick and Bill Sudow. Chairman Session also announced the members of the following additional Board Committees during 2018. Chairman Session advised that the Co-Chairs or Chairs of these committees will call meetings on an as-needed basis. Additional 2018 Board Committees and the members of each committee are as follows: Human Resources - Thorn Pozen and Joslyn Williams will serve as Co-Chairs and members are Mark Uncapher, Barbara Lang, Walter Tejada, Bob Lazaro, Nina Wells, Tony Griffin, and Brad Mims; Risk Management - Mark Uncapher and Tony Griffin will serve as Co-Chairs and members are Thorn Pozen, David Speck, Walter Tejada, Joslyn Williams, Bob Lazaro, and Bill Sudow; Executive and Governance - Barbara Lang will serve as Chair, and members are Caren Merrick, Earl Adams, Kate Hanley, Brad Mims, Mark Uncapher, Tony Griffin, Thorn

Pozen, and David Speck; and Ethics Review - Nina Wells will serve as Chair and members are Caren Merrick, Earl Adams, Mark Uncapher, Joslyn Williams, Thorn Pozen, and Barbara Lang. Chairman Session noted that all Committee Chairs, Co-Chairs and members had been listed on the Airports Authority's website. He stated that the senior Board Member of each jurisdiction will serve on the Nominations Committee. The Committee normally holds its first meeting in September, at which time the Committee Chair is elected.

I. MINUTES OF THE DECEMBER 13, 2017 BOARD OF DIRECTORS MEETING

The Chairman called for the approval of the Minutes of the December 13, 2017 Board of Directors Meeting, which were unanimously approved.

II. COMMITTEE REPORTS

a. Business Administration Committee – Earl Adams, Jr., Co-Chair

Mr. Adams reported that the Business Administration Committee had last met December 13, 2017. The Committee had concurred with the pre-solicitation terms for taxi cab concession contracts at Washington Dulles International Airport (Washington Dulles).

b. Dulles Corridor Committee – Kate Hanley, Co-Chair

Ms. Hanley reported that the Dulles Corridor Committee had last met December 13, 2017. Staff had presented the Dulles Corridor Metrorail Project's Quarterly Cost and Schedule Update for Phase 1, as well as the Monthly Cost and Schedule Update for Phase 2.

c. Finance Committee – A. Bradley Mims, Co-Chair

Mr. Mims reported that the Finance Committee had last met December 13, 2017. The Financial Advisors' reports for both enterprises had been presented.

d. Human Resources Committee – Thorn Pozen, Co-Chair

Mr. Pozen reported that the Human Resources Committee had last met December 13, 2017. The Committee had approved the recommendation

to exercise an option year for the prescription drug benefit plan for employees and retirees. The Board subsequently approved the recommendation at its December 2017 Meeting.

e. Strategic Development Committee – William E. Sudow, Co-Chair

Mr. Sudow reported that the Strategic Development Committee had last met December 13, 2017. Staff had presented an update on Project Journey.

III. INFORMATION ITEMS

a. President's Report

Mr. Potter congratulated Chairman Session on his first official meeting as Board Chair. Although management has been working together with him for many years, Mr. Potter stated that the entire Airports Authority team looked forward to working with him and Earl Adams in the year ahead.

Mr. Potter acknowledged the many years of service of Fire Chief Gary Mesaris, who would retire at the end of the week. Chief Mesaris joined the Airports Authority in 2007, after serving as Chief of the Alexandria Fire Department. He also served as Chief of the City of the Fairfax Fire Department, and Deputy Chief of the Fairfax County Fire and Rescue Department, where he began his firefighting career. During his tenure at the Airports Authority, Chief Mesaris has been instrumental in strengthening the mutual aid arrangements with surrounding jurisdictions, adding new aircraft and emergency firefighting equipment, opening a state-of-the-art Public Safety Communications Center, constructing two Airport fire stations, adding a mobile command center to the fleet of vehicles, and instituting new training and administrative processes to ensure more efficient operations and readiness for first response situations. Mr. Potter recognized Chief Mesaris and thanked him for his years of service and his contributions to the public safety efforts. He extended well wishes to him and his family. Chief Mesaris thanked Mr. Potter and received a standing ovation.

Mr. Potter reported that a nationwide search for a new fire chief is underway and that he would keep the Board apprised. In the interim, Acting Assistant Fire Chief Dominic DePaolis will assist Vice President for

Public Safety, Bryan Norwood, in managing the Airports Authority's fire department operations.

As discussed previously, Mr. Potter reported that staff had been working with many others to preserve the tax-exempt status of Private Activity Bonds in recently enacted tax reform legislation, which is a critical issue for the Airports Authority. He explained that the Airports Authority had been in danger of losing the tax exemption under the House of Representative's version of the tax bill, which would have resulted in much higher finance costs for airports and other entities that use these bonds to fund major infrastructure projects, as well as refunding debt. Mr. Potter reported that through efforts by Daniel Hoff, Federal Government Affairs Program Manager, in collaboration with the finance and legal teams, and many others, both inside and outside the airport industry, the tax exempt status of these bonds was preserved in the final legislation that Congress passed, which was signed by the President. He congratulated Mr. Hoff, David Mould, Vice President for Communications, and the entire team for a job well done. Mr. Potter stated that Andy Rountree, Vice President for Finance and Chief Financial Officer, and the finance team would provide more details on the outcome of the tax legislation at the day's Finance Committee meeting.

Mr. Potter reported that the week marks the beginning of a new legislative session in the Commonwealth of Virginia. With the new Governor of Virginia and his Administration, new political dynamics would exist in the General Assembly. Mr. Potter thanked former Governor McAuliffe for his leadership and strong support of the Airports Authority's mission to serve the traveling public. He stated that the Airports Authority is particularly grateful to Governor McAuliffe and the General Assembly for the \$50 million grant to help strengthen Dulles International's competitive position and for contributing to financial incentives that help bring new international airlines to the Airport. Mr. Potter also thanked the former Governor for supporting the Airports Authority's partnership with Virginia tourism officials who, along with the Governor, joined Airports Authority staff on many of their global trade missions, which have been instrumental in efforts to enhance the business prospects at Dulles International. He stated that the Airports Authority looked forward to continuing its strong partnership with the Commonwealth under the new Administration of Governor Northam, and the new session of the General Assembly. The Airports Authority's state and local government affairs team, led by Michael Cooper, is in Richmond to build new relationships and strengthen existing ones in the

legislature and the Administration and to address any proposed legislation that could affect business at the Airports. Mr. Potter stated that staff would keep the Board apprised of developments in Richmond. He reported that the second \$25 million installment of the Airports Authority's \$50 million grant from the Commonwealth was recently received. Mr. Potter reminded everyone that one of the conditions of receiving the money required the Airports Authority to report its uses of the funds and to help ensure state officials that the money was being well spent. He stated that the Airports Authority is gratified that the leaders in the General Assembly and the Governor's Administration were complimentary of the report and efforts. Mr. Potter extended special thanks to the Airports Authority team, including Mr. Rountree and Phil Sunderland, Vice President and General Counsel, who helped to compose the report.

Mr. Potter also recognized Stephanie Murphy, Emergency Preparedness Manager, who was recently featured in Airport Business Magazine on its 2017 Top 40 under 40 list. He reported that each year the magazine highlights up and coming employees at the U.S. airports who are making a major difference in the work they do. Mr. Potter noted that since Ms. Murphy joined the Airports Authority in 2015, she has expanded and enhanced its emergency management and training programs to ensure that it is ready to react to incidents or circumstances that can impact the Airports and other facilities. He advised that the prior year Ms. Murphy had been the recipient of the International Association of Emergency Managers Career Excellence Award, which recognized her as a national leader who has made significant contributions to promote and improve the emergency management profession. Ms. Murphy received a round of applause.

Mr. Potter reported that Ms. Murphy had been a part of the Airports Authority's team when the extremely busy holiday travel season was immediately followed by a major snow storm that tangled the nation's air traffic system for several days in early January. While neither Dulles International nor Ronald Reagan Washington National Airport (Reagan National) received much snow, many airports in the northeast did. A number of large international flights that were already on their way to New York from Europe, Asia, and South America had to be diverted because John F. Kennedy International Airport (JFK) had been closed to arriving flights by the time they reached the United States. Mr. Potter reported that a number of the diverted flights, which included some very large aircraft, such as the Airbus A-380s, came to Dulles International.

Since the diversions were in addition to the regularly-scheduled flights at Dulles International, they put major stress on the Dulles facilities and personnel, particularly since some of the carriers had no ground crews at the Airport. Mr. Potter reported that the Dulles team led by Ms. McKeough; Mike Stewart, Vice President and Airport Manager, Dulles International; Ms. Murphy; and the entire team assisted thousands of passengers on the diverted flights. He stated that the performance of the Dulles team, including airlines, concessions, Transportation Security Administration, Customs and Border Protection (CBP), and ground handling partners, as well as employees from across the Airports Authority who provided assistance, resulted in positive feedback from customers and very positive media coverage for Dulles International. Mr. Potter stated that the manner in which the Dulles team handled the January 4 occurrence was a great example of how the Airports Authority comes together and finds innovative ways to address problems. He further stated that he believed that the team did a magnificent job in managing the very challenging situation while keeping the commitment of service to the traveling public at the forefront of all of its actions. Mr. Potter shared a brief news clip of Sam Sweeney reporting on the team response at Dulles International. He stated that several employees who had provided assistance in response to the storm were scheduled to attend the day's meeting, but they were unable to attend because of the snow the prior night. Since the weather event had ended, Mr. Potter was hopeful that they were at home resting.

b. Executive Vice President's Report

Ms. McKeough stated that it was not unusual for Dulles International to serve the aviation system as a diversion Airport as a result of medical, mechanical or weather-related emergencies since the robust airfield and infrastructure is a great asset to the aviation system. She observed that what was unusual about the January 4 incident was the volume of the diverted aircraft, which totaled 32. As Mr. Potter had previously reported, the diversions occurred during a very concentrated period of time when the Airport was receiving its regularly-scheduled afternoon and evening international arrival bank of flights. Ms. McKeough reported that the types of flights that diverted were also very different compared to most other diversions. She explained that most of them were international aircraft that had already launched from Europe or from other parts of the world long before JFK announced that it would close for an extended period of time. All of the diverted flights had the added complexity of needing to clear CBP for passengers to be processed into

the United States. Additionally, as the video alluded to, the airlines were quite unique since many of the diverted aircraft did not have scheduled air service to Dulles International and no staff or contractual relationships were available to help handle the passengers and the bags. Ms. McKeough explained that the Airport's typical space for parking diverted aircraft became occupied very quickly. Since there were no available aircraft parking positions, management closed the far western most runway to park the diverted aircraft, as shown in the earlier video. Ms. McKeough advised that the three remaining runways had the ability to handle Dulles' operations. She reported that when the event occurred initially, the duration of JFK's closure was unknown. Ms. McKeough explained that normally during a diversion situation, the pilot lands the aircraft and attempts to wait until whatever caused the emergency situation to occur is resolved. It was not obvious to anyone in the industry that JFK would require such a sustained closure so many of the diverted aircraft landed and were refueled. Ms. McKeough advised it is the pilots' responsibility to decide whether they would disembark the aircraft or wait out the weather. Since a large number of pilots chose to try to wait out the weather event, many of the passengers were held on the aircraft for an extended period of time.

Ms. McKeough reported that after many hours JFK announced that it would remain closed until at least 6:00 a.m. the following morning, at which time the pilots decided to terminate the flights and proceed to try to offload passengers from the aircraft. The exercise soon spiraled into the next challenge to have a sufficient number of mobile lounge resources travel to all of the aircraft, get passengers removed from the aircraft, and get them processed through CBP. Ms. McKeough reported that the 32 diverted aircraft equated to approximately 6,000 additional passengers, not including the typical afternoon scheduled services. Due to the large number of passengers, staff implemented a spontaneous metering system to schedule the removal of passengers from the aircraft and schedule a reasonable throughput into CBP. Since the facilities are housed to accommodate a certain size crowd at any one time, Ms. McKeough explained that CBP's resources were overwhelmed. More significantly was the fact that once the passengers were removed from the aircraft and cleared CBP, they found themselves in the Main Terminal at Dulles International without any support assistance from airlines. As previously noted, because these airlines were not scheduled to operate at Dulles International and had no "ground support services," the passengers' bags could not be removed from the planes. Ms. McKeough advised that since only the pilot can control the aircraft, and

with no scheduled crew or contractual arrangements with anyone to take bags off the planes, the bags could not be removed so the challenge of passengers not having their luggage remained. She stated that staff quickly recognized the uniqueness of the situation, for which there was no protocol and set up a formal incident command. Airport Operations led the effort and the Emergency Preparedness team supported them in the baggage claim level immediately outside CBP as exhausted and concerned passengers exited the area looking for airline representatives to provide assistance about how they would retrieve their luggage. Ms. McKeough stated that in similar weather-related instances customers often decided to reserve a hotel or rebook a later flight, but most passengers did not want to leave the Airport and travel to JFK because they had not claimed their luggage. She further stated that her description of the assistance staff provided did not capture the impressive Airports Authority teamwork that came together at Dulles International beginning on the evening of January 4. Ms. McKeough shared photos of the unprecedented event, where many of the Airports Authority employees came together to make a difference. She stated that many of the structures and grounds maintenance employees were called immediately to deliver blankets, pillows, and water bottles to the Main Terminal to provide some immediate convenience to many of the customers. Since the supply at Dulles International was quickly depleted, pillows and blankets were brought in from Reagan National. Ms. McKeough praised some of the concessions for remaining open to support the customers. Unfortunately, they immediately depleted their stock and ran out of resources. Ms. McKeough extended special thanks to an off-Airport community business, Merone's, which delivered food and beverages to the Airport so the Airports Authority could provide some food to customers who had not eaten in a number of hours.

After the customers settled in for the night, staff's efforts to reach the airlines of the diverted flights were exhausted unsuccessfully. The Airports Authority reached out once again to vendors in the local community. Ms. McKeough expressed great appreciation to Reston Limousine and BBC Transportation for delivering seven buses with staff to the departure levels of Dulles International, which allowed the Airports Authority the ability to invite stranded passengers to get to their ultimate destination: New York. The customers boarded the busses with a boxed lunch and some reluctance because they still had not retrieved their baggage as there was no certainty about all the bags that remained on the many aircraft that were still out on the airfield. Since it appeared

that staff was finished for the day, several employees went home to rest after working an all-night shift at the Airport.

Ms. McKeough reported that within a couple hours of the buses departing Dulles International to go to New York, the reverse happened. She explained that approximately 300 stranded passengers who had been left at JFK had been put on busses and sent to Dulles International with the hope of boarding aircraft to finally reach their original destinations. The unannounced passengers arrived on the ticketing level at Dulles International. For the second night in a row, the Dulles team hosted passengers in the Main Terminal and helped to make lodging arrangements for those who were willing to go to hotels that evening. Ms. McKeough advised that many of the passengers did not want to leave the Airport because they knew the planes were there, and they wanted to be strategically positioned when the flight crews arrived to fly those planes back to their original destinations.

Ms. McKeough reported that the flight crews returned to the Airport for the aircraft on the third day of the weather-related event, but a significant challenge continued because passengers' luggage remained on the aircraft from the original diverted flights that came to Dulles International. Since labor resources were not plentiful enough to handle the challenge, the maintenance and engineering teams became a baggage subcontractor for the day under the leadership of one of the ground handlers at Dulles International, who was authorized to touch the aircraft. Ms. McKeough reported that the structures and ground crew removed over a thousand bags from the aircraft, which also needed to clear Customs. Once removed, the luggage was eventually stored until trucks arrived to transport it to JFK. The vacant planes could then be used to transport some of the unannounced passengers who had been bused down from JFK the prior night.

Ms. McKeough advised that almost 72 hours later after the initial JFK diversions began, all of the passengers who remained at Dulles International were able to depart the Airport. She reported that the staff that pitched in to help with the diversions represented a diverse group, including student ambassadors, mobile lounge drivers, Airport Operations' staff, and engineering and maintenance staff. Additionally, Airports Authority police provided very helpful translation, in particular, to several passengers from Russia, who did not speak much English. Airports Authority medics and first responders also remained in the Main Terminal during the night to provide assistance as some of the

passengers' medicines had been left on the aircraft and in their checked baggage. Ms. McKeough also praised the Communications team who stayed overnight to address media inquiries and to offer assistance wherever needed. She reported that she had hoped that the employees would be present at the day's meeting so that she could thank them formally, but instead she shared some of the quotes received from customers on social media, which represents the greatest accolades that the employees could receive.

Ms. McKeough stated that there are lots of lessons to learn as a result of the January 4 weather-related event. She further stated that she believed that the entire United States aviation industry and the event itself provided a great deal of insight on how all the stakeholders need to work together and communicate during diversion events. Ms. McKeough advised that the Airports Authority intends to assume a leadership role, particularly with the airlines that service the East Coast, as well as those that do not service Dulles International, to familiarize them with some of the lessons learned to ensure that the entire industry is better positioned should similar situations occur again.

Ms. Hanley inquired about who decides on the airport a pilot uses for diverted flights and who pays for the costs associated with the diversions. She suggested that the Airports Authority keep a record of the recent activities as it appears there is no guidebook in the industry that addresses such events. Ms. Hanley advised that on her commute from her residence to the Fairfax County Government Center she observed an airplane with a black tail and a yellow spot. She stated that she had just learned that it was Thomas Cook Airlines, which she had never seen under the existing flight path. Ms. McKeough stated that the pilots make the decisions regarding diversion plans. Ms. Hanley inquired whether the Federal Aviation Administration (FAA) is involved in the pilots' decisions. Ms. McKeough stated that the pilots normally have plans that offer airport options for diverted flights. Once pilots decide, they contact the FAA to request the diversion routing to the selected airport. Ms. McKeough stated that airport operators can actually contact the FAA to convey whether they are in a position to receive the diverted aircraft, as what occurred with the January 4 incident. She further stated that almost every airport that could normally receive a diverted flight was indicating that it had no more capacity, including Dulles International. Ms. McKeough explained that although the Airports Authority requested an orderly transition of aircraft, Dulles International was never closed. Although pilots were required to have prior approval to

land the diverted aircraft at Dulles International, it was not very effective. Ms. McKeough stated that the industry is very familiar with the size of the airfield at Dulles International, and the aircraft were running low on fuel and needed to land.

Ms. Hanley referenced a passenger from the video shown earlier who indicated that no staff representing the airline she had used was on site at Dulles International. She inquired whether policies require staff to remain with the airline's passengers or aircraft. Ms. Hanley observed that apparently policies exist but the airlines did not comply. With regard to the expenses, Ms. McKeough stated that the Airports Authority had spent a nominal amount, and that staff would send invoices to the airlines associated with the diverted flights.

Mr. Adams noted that he was also curious about reimbursement of the associated costs. He commended the staff for their efforts. Mr. Adams inquired whether the Airports Authority expected that it would be reimbursed quickly or if it would potentially take several months to receive the reimbursements. Since the Airports Authority did not have existing business relationships with the airlines associated with the diverted aircraft, Ms. McKeough predicted that it may take a couple of months to receive the reimbursements. Mr. Adams requested that staff provide a follow-up report once the reimbursements were received.

Mr. Mims observed that perhaps the Airline Business Development staff could use this as an opportunity to recruit additional airlines to service Dulles International.

Mr. Griffin observed that Ms. McKeough often used the word "team." As difficult as the January 4 occurrence had been, he stated that he believed that one of the most gratifying things about the exercise was that it was a team effort. Mr. Griffin congratulated Ms. McKeough.

Chairman Session concurred with Mr. Griffin's observation. He stated that he was impressed by staff's impromptu coordination and use of extraordinary resources. Chairman Session commended staff for performing in an admirable manner.

Chairman Session thanked and extended congratulations to Ms. Murphy on her accolades and to Fire Chief Mesaris on his retirement. He observed that organizational pride is one of the Airports Authority's core values and that he had asked Mr. Potter and senior management to

recognize at least one employee monthly for their extraordinary contributions to the organization.

IV. NEW BUSINESS

There was not any new business.

V. UNFINISHED BUSINESS

There was not any unfinished business.

VI. OTHER BUSINESS & ADJOURNMENT

The Meeting was thereupon adjourned at 10:22 a.m.

Respectfully submitted:



Monica R. Hargrove

Vice President and Secretary

Approved February 21, 2018